

**Practice 7 – Introduction to Labor Economics (deadline: before next tutorial)**

Answer the following questions based on what was seen during the last week.

1) Given the data in the table get the values of the MPL, TR (\$), MRPL (\$) and VMPL (\$). Compare the labor demand curve with that corresponding to the value of the marginal product (VMPL). Plot both curves and explain.

Units of labor input	Output	Price
0	0	1,10
1	17	1,00
2	32	0,90
3	45	0,80
4	55	0,70
5	62	0,65
6	68	0,60

2) What is the traditional inefficiency of monopolies? How do you think this situation is eventually overtaken by the markets? Can you think of a real life case? Explain.

3) How do you expect the monopolist would react to changes in real wages, as compared to a perfect competitor (from other product market) that uses the same type of labor? Plot both demand curves for labor and compare. Don't forget to name axes, curves, and make all the necessary observations.